Supply Chain Management Issues

1. REPORTING OF AWARDS ABOVE R100 000

2. GUIDELINES FOR BID ADJUDICATION COMMITTEE MEMBERS

Introduction

Your attention is drawn to two important issues on municipal supply chain management, which are further explained in this circular.

Firstly, all municipalities and municipal entities are required to report, effective from 1 July 2006, to the National Treasury on awards for contracts above the value of R100 000.

Secondly, guidelines for bid adjudication committees have been issued and are attached to this circular. Please ensure these are circulated to members of your bid adjudication committee.

1. Reporting of supply chain management awards above R100 000

Sections 74(1) and 104(1)(b) of the Municipal Finance Management Act (MFMA) prescribes the following regarding general reporting obligations:

"The accounting officer of a municipality [and municipal entity] must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required."

We have compiled a reporting format to be completed by all municipalities and municipal entities for each contract awarded above the value of R100 000 (VAT included), see ANNEXURE A. The aim of the report is to monitor compliance with the supply chain management reforms and to provide statistics on contracts awarded by local government. A contract should not be reported until it has been signed by all parties concerned.

Municipalities and municipal entities are required to submit a separate report for each contract awarded (and signed) above R100 000, commencing from 1 July 2006, and submitted within 15 days of the end of each month. The first completed report(s) will therefore cover awards for the period 1 July to 31 July 2006 and should be submitted by no later than 15 August 2006.

To assist with the administration of this reporting process it is requested that a report is submitted at the time each contract is signed, rather than waiting till the end of the month. Each completed report must be emailed to the National Treasury at pci.mfma@treasury.gov.za. If you are experiencing problems with the email system the report can be faxed to (012) 326 5445.

2. Guidelines on bid adjudication committees

We have received numerous requests from municipalities to provide guidance on the operation of bid adjudication committees. Guidelines in this regard are attached (ANNEXURE B) and address the mandate, role, function, composition, duties, meeting procedures and conduct of municipal supply chain management bid adjudication committees.

Please ensure these guidelines are distributed to the members of your bid adjudication committee and the supply chain management unit accordingly.

Any enquiries on this circular may be directed **Jeyrel Soobramanian** of the National Treasury, telephone (012) 315 5336.

Contact

National Treasury

	Private Bag X115, Pretoria 0001
Phone	*012 315 5850*
Fax	*012 315 5230*
Email - General	*mfma@treasury.gov.za*
Website	*www.treasury.gov.za/mfma*

T. Pillay
Chief Director: Local Government
28 June 2006